

FISCAL NOTE

Bill #: SB0386

Title: Eliminate applicability of MT Major Facility Siting Act to certain pipelines

Primary Sponsor: Gebhardt, K

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
State Special Revenue	(\$13,000)	(\$8,000)
Revenue:		
State Special Revenue	(\$13,000)	(\$8,000)
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill eliminates Department of Environmental Quality purview over pipelines previously certified under the Major Facility Siting Act (MFSa) that are greater than 17 inches inside diameter and less than 25 inches inside diameter and more than 50 miles in length. Because of this change, state special revenue (fees) associated with regulating these pipelines would no longer be collected.
2. One pipeline currently holding a certificate falls into this category: Express Pipeline, a 24-inch crude oil pipeline running 305 miles through Montana. The project also includes three existing pump stations and a sizeable oil tank farm. It is the largest petroleum pipeline in Montana.
3. All remaining bonds to guarantee successful reclamation and vegetation of the project area would be released.
4. Current and future monitoring of reclamation and vegetation would cease on this facility.
5. Review of groundwater monitoring for petroleum leakage from the tank farm would cease.
6. No review of planned additions to this pipeline would occur.
7. State oversight authority for decommissioning of the facility would cease.
8. Currently, fees are assessed to cover expenses incurred to accomplish the activities in Assumptions # 3-6. Since these activities will no longer take place, no state special revenue funding would be collected.

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(continued)

9. For purposes of this fiscal note, finalizing the noise amendment for Express Pipeline's pump station is assumed to start and end in FY 2004.
10. Based on past years' monitoring and Assumption # 4, it is estimated that \$8,000 in fees would not be collected in each of the next two fiscal years. This figure represents \$5,000 in personal services (P/S) and \$3,000 in operating and equipment expenses (O/E).
11. Based on expenses incurred for similar work and Assumption # 6, it is estimated that \$5,000 in fees would not be collected. This figure represents \$2,500 in P/S and \$2,500 in O/E.
12. Based on reductions to meet the Executive Budget and on subsequent additional reductions by the Joint Appropriations Budget Subcommittee, this program is currently staffed at a minimum level of 1.00 FTE. It is impractical to reduce staffing below this level without eliminating the function, which is not possible given current statutory obligations. Thus, the slightly reduced workload caused by this bill would result in some personal services reductions but would not result in further staffing reductions.

FISCAL IMPACT:

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
DEQ Program 50		
<u>Expenditures:</u>		
Personal Services	(\$7,500)	(\$5,000)
Operating Expenses	(5,500)	(3,000)
TOTAL	(\$13,000)	(\$8,000)
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	(\$13,000)	(\$8,000)
<u>Revenues:</u>		
State Special Revenue (02)	(\$13,000)	(\$8,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	0	0

LONG-RANGE IMPACTS:

Under SB 386, Express Pipeline would be relieved of its commitments to reclaim and vegetate the pipeline following initial construction and for reclamation and vegetation at the end of the facility's useful life. The state would no longer require or review monitoring results for potential impacts to shallow groundwater beneath the tank farm. Bonds totaling \$539,626 currently held for reclamation and vegetation would be released. The state would no longer have the authority to require performance bonds for this facility to guarantee successful reclamation and vegetation of the project area affected by oil leaks or spills. There would be no state requirements for decommissioning prior to abandonment of this project.